



# DAILY BRIEF

From February 15, 2012

The powerful House & Senate Budget Committees met in their respective workgroups today to hash out several controversial budget items. In the Senate, Chairman JD Alexander (R-Lake Wales) heard from opponents concerning a proposed budget cut that would have removed \$25 million from the University of South Florida's general appropriation – a budget proposal that was ultimately scrapped following fierce opposition. In the House, Chair Denise Grimsley (R-Sebring) faced a fair share of opposition before members voted down a measure that would have allowed random drug tests for state workers.

Fortunately, many of AIF's top priorities that are tied to the budget were passed with overwhelming support today. These include:

- HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow) which repeals the statewide onsite sewage treatment and disposal system inspection program that was created in 2010.
- SB 2068 by the Senate Budget Subcommittee on Finance and Tax updates the Florida Income Tax Code by adopting the Internal Revenue Code as in effect on January 1, 2012. This legislation is commonly known as the corporate income tax "piggyback" bill.
- HB 695 Relating to Development of Oil and Gas Resources by Representative Clay Ford (R-Pensacola) authorizes land management agencies to enter into public-private partnerships with business entities to develop oil & gas resources on onshore state lands.

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## Environmental

On Wednesday, the House Appropriations Committee unanimously approved HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow).

During consideration, Rep. Dorworth offered a "strike-everything" amendment to make the bill identical to its Senate counterpart – SB 820 by Senator Charlie Dean (R-Inverness). This proposed legislation repeals the statewide onsite sewage treatment and disposal system inspection program that was created in 2010. Under this bill, local governments will decide whether they want to have an inspection program for septic tanks. If a county has a first magnitude spring, they will have to pass an ordinance to "opt-out" of the program and all other local governments will have to "opt-in" to the program. In addition, local governments will decide who will conduct the inspections. There is a grandfather clause for those local governments with inspection programs already in place.

Despite concerns by environmental groups such as The Sierra Club, the committee proceeded to approve the legislation. Representative Marti Coley (R-Marianna) stood alongside Rep. Dorworth as a prime co-sponsor of the bill. She has been fighting to repeal the inspection altogether but agrees that HB 999 is a great compromise that will respect private property rights while protecting the environment.

HB 999 has one remaining stop in the House State Affairs Committee. The aforementioned Senate companion, SB 820, awaits hearing in the Senate Budget Committee.

**AIF SUPPORTS onsite sewage treatment and disposal legislation that is both workable and mindful of environmental sustainability. AIF has been working closely with the Florida Home Builders Association and the Florida Association of Realtors on this proposal.**

Also on Wednesday, two of of AIF's Environmental Sustainability Council top priority measures passed the full House today with a vote of 115-0.

HB 7003 by Representative Steve Crisafulli (R-Merritt Island) authorizes the Florida Department of Environmental Protection (DEP) to create a statewide Environmental Resource Permitting (ERP) system. The new statewide rule will be similar to the current DEP and water management district existing rules, except to reconcile differences and conflicts that are not based on geographic differences in physical or natural characteristics. Instead of 5 different interpretations and inconsistent applications, there will be one interpretation guided by the Department.

AIF supports a statewide Environmental Resource Permit. With the implementation of new statewide ERP system, no longer will permit seekers experience different outcomes for similar projects. Instead, they will be afforded predictable outcomes regardless of where their business may be located.

HB 7003 will now advance to the Senate Chamber for passage by its members before proceeding to Governor Rick Scott for final consideration. The companion measure in the Senate – SB 1354 by Senator Nancy Detert (R-Venice) – has one final stop in the Senate Budget Committee.

**AIF SUPPORTS the Florida Department of Environmental Protection's proposal to have a statewide Environmental Resource Permit (ERP).**

Subsequently, members of the House unanimously passed HB 7045 Relating to Consumptive Use Permits for Development of Alternative Water Supplies by Representative Trudi Williams (R-Ft. Myers).

This legislation will extend the time frame for consumptive use permits (CUP) for alternative water supply projects from 20 to 30 years. HB 7045 provides a great incentive to public and private entities to build these much needed alternative water supply projects.

Water issues are very important to our AIF members. Without water there is no development, no growth, no environmental protection, and no economic rebound for the State of Florida. The extension of permit time to coincide with bonding will help lower the interest rates. Time and money will be saved by not mandating suppliers to go through the renewal process after 20 years.

It is a win-win situation and a great way to help Florida's economy by providing jobs to build these vitally important projects.

HB 7045 will also advance to the Senate for consideration by its members.

**AIF will continue to SUPPORT the extension of consumptive use permits (CUPs) for alternative water supply from 20 to 30 years for Florida's water utilities.**

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## **Economic Development**

A day after lengthy questioning by Republicans and procedural moves by Democrats that ultimately placed a number of volatile amendments on the chamber's monumental economic development package, the Florida House passed HB 7087 by the House Finance & Tax Committee and Chairman Steve Precourt (R-Orlando) on Tuesday.

Containing a number of AIF's top economic development priorities for 2012, HB 7087 comprises a number of tax breaks for businesses, and perhaps most importantly, allows for two important industries to take advantage of tax breaks. One portion of the measure would allow industries involved in the production or processing of agricultural products to receive a tax exemption for electricity while another part of the bill would lower the production threshold for manufacturers seeking eligibility for tax breaks on industrial machinery and equipment. Both of these provisions are important to AIF members and have been supported throughout by the committee process.

The legislation also increases the total amount of tax credits available for the New Markets Tax Credit program. This program, passed by the 2009 legislature, is a top priority for AIF and as reported earlier, utilizes a market-based approach to expanding credit and capital into the state's low income communities across the state. Additionally, the program leverages \$26 billion federal program to provide a modest state-level tax credit to encourage capital investments to be made in Florida's low income communities with the potential to have a total economic impact of \$6.3 billion over the next ten years, and could incite some \$250 million in private sector investment in the short term.

Likely one of the Governor's top priorities for 2012, HB 7087 also increases the state's corporate income tax exemption from \$25,000 to \$50,000 while reducing the number of companies that would in fact pay the tax to the state. A day earlier, Democrats in the House attached several controversial amendments that were then subsequently amended by Republicans to prohibit companies that employ union employees from being eligible for the increased exemption. The bill retained those provisions in passing today; however, it is widely believed that the Senate will strip those corporate tax relief measures out of the final bill.

Finally, HB 7087 also affords Charlotte and Citrus Counties the ability to apply for enterprise zones as well as slightly more in entertainment and film incentives for companies in the television industry.

HB 7087 will now be sent to the Senate for consideration by its members.

**AIF congratulates Chairman Precourt and the House of Representatives for their work on HB 7087. As the Senate continues to consider various portions of this bill, AIF will continue to champion these policies that will ultimately move Florida in a positive direction as it relates to economic activity.**

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## Energy

On Wednesday, the House Finance and Tax Committee unanimously passed HB 7117 by Energy & Utilities subcommittee and Representative Scott Plakon (R-Longwood), with one amendment.

This legislation is the proposed energy package of the House and contains many of the ideas put forward by Commissioner of Agriculture Adam Putnam. Specifically, HB 7117 would:

- Revise the ten-year site plan process to specifically require electric utilities to provide information concerning actual and planned renewable energy production.
- Reinstated the sales tax exemption for equipment, machinery, and other materials for renewable energy technologies; the renewable energy technologies investment corporate income tax credit; and the renewable energy production corporate income tax credit.
- Clarify that renewable energy producers not licensed as electric utilities are qualified to receive a tax refund.

- Require the Department of Economic Opportunity (DEO) to analyze and evaluate the economic benefits for certain renewable energy projects prior to a public interest determination by the Public Service Commission (PSC).
- Authorize a utility to petition the PSC for a determination that a proposed renewable energy facility is in the public interest and provides a list of criteria for the PSC to consider. Allows for cost recovery of reasonable and prudent costs incurred by a utility for an approved project. Requires the PSC to adopt rules to establish a public interest determination process, including competitive bidding. The bill provides an effective date of July 1, 2013 for the rules to take effect.
- Require the PSC to consider the need to improve the balance of power plant fuel diversity and supply reliability within the state and within the generation portfolio of the applicant when considering the need for a proposed power plant larger than 75 megawatts.
- Streamline the permitting process for biofuel feedstock crops and revises financial assurance requirements.
- Require the Department of Agriculture and Consumer Service (DACS) to conduct a statewide forest inventory analysis.
- Authorize DACS to establish a website regarding cost savings associated with energy efficiency and conservation measures.
- Provide that the rates, terms and conditions of electric vehicle charging services by a non-utility are not subject to regulation by the PSC. Requires DACS to adopt rules related to sales at electric vehicle charging stations (labeling, price posting, methods of sale, etc.). Directs the PSC to conduct a study on the potential effects of electric vehicle charging stations on both energy consumption and the electric grid.
- Require the PSC, in consultation with DACS, to contract for a study to evaluate the effectiveness of the Florida Energy Efficiency and Conservation Act, subject to a specific appropriation. Requires coordination between the Department of Management Services (DMS) and DACS in further developing the state energy management plan for state buildings over 5,000 square feet.
- Establish the Office of Public Counsel within the Financial Services Commission (FSC). The bill provides for appointment and removal of the Public Counsel by the FSC. Provides for a type two transfer of the Office of Public Counsel from the legislature to the FSC.
- Expand use of the local government infrastructure surtax proceeds, if a local government ordinance authorizing such use is approved by referendum.
- Expand the Renewable Fuel Standard to include alternative fuel, as defined in the bill.

The amendment offered by Representative Jose Felix Diaz (R-Miami) would expand the definition of new renewable energy generating facilities to include a Florida renewable energy facility that has had an expansion operationally placed in service after May 1, 2006, and whose cost exceeded 50 percent of the assessed value of the facility immediately before the expansion.

HB 7117 has one remaining stop in the House State Affairs Committee.

**AIF commends Commissioner Putnam for offering a comprehensive proposal that will address the future of Florida’s energy policy. Furthermore, AIF looks forward to working with Commissioner Putnam and his department to adequately address our state’s energy needs.**

Also on Wednesday, the House Appropriations Committee passed HB 695 Relating to Development of Oil and Gas Resources by Representative Clay Ford (R-Pensacola) by a vote of 16-3.

This legislation authorizes land management agencies to enter into public-private partnerships with business entities to develop oil & gas resources on onshore state lands. During consideration, this measure was amended to only apply to areas west of Tallahassee that already allow for exploration. The bill outlines that these partnerships must be made under specified conditions; provides that financial, technical, & operational risk for exploration, development, & production of gas & oil resources is responsibility of private entity; provides for proposals & contracts; and requires certain approval of contracts.

HB 695 would not expand the amount or type of land for exploration, but only allow for private companies to prospect. In addition, exploration is already forbidden within a mile of a beach and this bill does not impact that buffer zone.

HB 695 will now proceed to its final stop in the House State Affairs Committee. The Senate version of the bill – SB 1158 by Senator Greg Evers (R-Crestview) – is broader in scope and allows for such partnerships in all state lands within Florida that allow for exploration, and is not limited to only lands located west of Tallahassee. The bill awaits further consideration in the Senate Environmental Preservation and Conservation Committee.

**AIF SUPPORTS legislation that will encourage public-private partnerships which could provide potential for new investment and job growth.**

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## **Growth Management**

On Wednesday, the full House overwhelmingly passed HB 7081 Relating to Growth Management by the House Community & Military Affairs Subcommittee, and Chair Ritch Workman (R-Melbourne).

The bill makes a number of non-substantive modifications and clarifications to last year’s “Growth Management” Act, which were compiled through various discussions and feedback received from stakeholders including the state land planning agency and local governments.

Modifications include fixing cross-references, updating outdated language, and removing provisions throughout the statutes that the Act made obsolete such as references to the twice-a-year limitation on adopting plan amendments that no longer exists and references to the evaluation and appraisal report that is no longer required.

HB 7081 also addresses items that, although stemming from technical glitches, may have limited policy implications. These include the grandfathering of local government charter provisions in effect on June 1, 2011, relating to a local initiative or referendum process for the approval of development orders and comprehensive plan or map amendments, which led to challenges against the bill last year.

HB 7081 will now proceed to the Senate for consideration by its members and, upon passage, will be sent to the Governor for final approval. The Senate proposal – SB 842 by Senator Mike Bennett (R-Bradenton) awaits hearing in the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations.

## **AIF SUPPORTS efforts to clarify "The Community Planning Act" so as to guarantee that those developers can proceed with certainty.**

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### **Information Technology**

On Wednesday, the Senate Budget Committee introduced three of its own committee-sponsored measures – SB 7082 and SB 7084 Relating to the One-Stop Business Registration Portal and its trust fund; and SB 7090 Relating to State Data Center System.

All three were approved for introduction without any debate or testimony as they had been clearly explained by the Chairman of the Senate General Government Appropriations Committee, Senator Alan Hays (R-Umatilla).

Chairman Hays explained that the One-Stop Business Registration Portal directs the Department of Revenue to establish and implement a One-Stop business registration portal by January 1, 2013. The portal will exist through an internet website that will allow a business or individual with a single point-of-entry into state government, to complete and submit documents required for transacting business in Florida.

Finally, he added that SB 7084 was just a clearing trust fund for the portal.

Chair Hays then introduced SB 7090, explaining that this legislation changes the schedule for data center consolidation and exempts the Florida Department of Law Enforcement (FDLE), the Lottery, the Office of Policy and Budget (OPB) and the State Board of Administration from consolidation. He went on to say that the bill gives the Southwood data center a year off, providing them time to work on improving their administration.

All three measures were approved and submitted as committee bills. The proposals will likely be prepared for final action on the Senate Floor in the coming week(s).

## **AIF SUPPORTS legislation such as one-stop business registration portal that will facilitate business transactions more quickly and easily with the state.**

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### **Taxation**

On Wednesday, the full House took up and unanimously passed HB 737 Relating to Tax on Sales, Use, and Other Transactions by Representative Elizabeth Porter (R-Lake City), otherwise known as the the "sales tax holiday."

This legislation authorizes a sales tax holiday for specific clothing, footwear, and school supplies. Clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags with a sales price of \$75 or less per item are included; however, the bill excludes sales tax purchases from the exemption that take place at certain establishments and locations.

The sales tax holiday is a one-time holiday, and is scheduled from August 3, 2012 through August 5, 2012. Private retailers who sell these types of items will likely experience increased sales related to the sales tax holiday. Consumers will also benefit from having the ability to purchase items tax-free during the term of the sales tax holiday.

HB 737 will now proceed to the Senate for a final vote by its members. The Senate companion – SB 982 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale) – awaits hearing in the Senate Budget Subcommittee on Finance and Tax.

**AIF SUPPORTS increasing business activity by allowing Floridians to purchase essential school supplies and other necessities without paying sales tax.**

Also on Wednesday, the Senate Budget Committee took up and unanimously passed SB 2068 Relating to Taxation by the Senate Budget Subcommittee on Finance and Tax.

This legislation requires a one-time “speed-up” of estimated corporate income tax payments so that any estimated tax payment, that would otherwise be due no later than Sunday, June 30, 2013, shall be paid on or before June 28, 2013. In addition, this proposal contains the business community’s recommendations as it relates to the following:

- The change in due date should be a one-time event rather than a permanent change in the bill; and
- The Department of Revenue should be encouraged to be reasonable and lenient in waiving penalties if some companies miss changed due date. The DOR will be instructed to send out notices to all businesses who pay corporate income taxes to give them ample warning of this one-time change.

In addition, SB 2068 adopts the Federal Internal Revenue Code for determination of federal taxable income for Florida businesses. This is the common “piggyback” provision adopted each year.

SB 2068 has passed its final committee of reference and will now proceed to the Senate Floor for final consideration.

**AIF supports the adoption of the federal tax code for 2012. Further, AIF commends members of the Legislature for heeding concerns from the business community as it relates to reporting taxes in a fair and timely manner.**